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TELEGRAM

April 09, 2002

To: SECSTATE WASHDC - IMMEDIATE
Action: WHA
From: AMEMBASSY CARACAS (CARACAS 940 - IMMEDIATE)
TAGS: ECON, EPET, ENRG, VE
Captions: None
Subject: PDVSA: APRIL 8 REFINERY STATUS
Ref: None

RELEASED IN FULL

1. Summary: PDVSA maintained on April 8 that it can honor all its supply contracts. Slow downs in gas production impacted on refinery and other operations as well as thermal electricity generation. End summary.

PRODUCTION AND EXPORT STATUS

2. A representative of PDVSA's International Affairs Division informed us that PDVSA is currently able to honor all its supply contracts (Lyondell notwithstanding) because of high levels of oil in storage and the continued operation of PDVSA refinery affiliates in Curacao, the Bahamas, the U.S. and Europe.

3. The 130,000 b/d El Palito Refinery remains out of action. By the end of the day on April 8, a team sent in by the GOV had re-established air conditioning and the water supply. Full refinery operations are not expected to resume until April 11 or 12 at the earliest.

4. The Paraguana Refining Center in Falcon state normally operates 52 conversion units for a total capacity of approximately 900,000b/d. We have been told that the complex is currently running at approximately 50 percent capacity. According to our source, production has actually been low since the beginning of February due to a planned upgrade of a number of mid-conversion units (hydrocrackers) which had already taken 17 units out. Our source reported on April 8 that four additional units had been shut down because of gas shortages.

5. Refinery and loading installations at Puerto La Cruz were reportedly operating at 50 percent capacity on April 8. At the Jose Industrial Complex, our sources told us that only the LPG and LNG facilities were running. However, activities were slower than normal both because of the work slow down as well as because of the shortage of gas. The four strategic associations were working as usual. Fernitro, the fertilizer facility, was operating but at a low level because of the gas shortage.

6. On April 8, the Bajo Grande refinery in Maracaibo was reported to be fully operational. The port of Maracaibo reported 100 percent normalcy as ships continued to load with minimal delays. The marine union, however, stated publicly that tankers ran the risk of being held by the union once they reach the port.

GAS SHORTAGES

7. Gas shortages have not only affected some refinery

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UNITED STATES DEPARTMENT OF STATE
REVIEW AUTHORITY: JOHN L MILLS
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operations but also chemical and other operations. The Pequiven plant at El Tablazo (across the lake from the City of Maracaibo) has effectively shut down. We have been informed that only chlorine for water treatment is being dispatched. Electricity companies that normally count on gas for their operations were forced to turn to gasoil during the weekend.

SHAPIRO

Additional Addressees:
None

cc:

AMEMBASSY MEXICO
AMEMBASSY PORT OF SPAIN
AMEMBASSY BRASILIA
AMEMBASSY QUITO
AMEMBASSY LIMA
AMEMBASSY BOGOTA
OPEC COLLECTIVE

Distribution:

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| | FAAE-00 | UTED-00 | VC-00 | FRB-00 | H-01 | TEDE-00 | INR-00 |
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End Cable Text

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